

## INFORMATION REPORT

CONFIDENTIAL

COUNTRY

Austria (Russian Zone)

DATE DISTR. 19 April 1948

SUBJECT

USIA Dealings with Koenig and  
Bauer

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SUPPLEMENT TO  
REPORT NO.

The following is an English translation of a memorandum dated [redacted] prepared by the Lower Austrian Chamber of Commerce; copies were retained in the files of the Lower Austrian Chamber of Commerce and other copies forwarded to the Federal Chamber of Commerce. Information concerns the financial status of the firm of Koenig & Bauer, manufacturers of machinery, Moedling, Lower Austria.

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## MEMORANDUM

Vienna, [redacted]

Financial Status of the Firm Koenig & Bauer

In 1946 and during the first half of 1947, products of the firm could still be sold for prices which were approximately in agreement with their real value. With the beginning of the second half of 1947, the firm was forced to sell its production to the Buying and Selling Office of USIA at prices prescribed by USIA. These prices were on an average only 36% of the real value of the goods at the time of sale. The total real value of the machinery produced by this firm in 1947 amounted to S 3,977,000, while the sales proceeds which accrued to the firm were only S 1,144,500, which means a real capital loss of S 2,521,500. Continuation of this sales policy would result, by the end of 1948, in a real capital loss amounting to 9 or 10 million schillings. In addition, the USIA demands on the factory for a 60% production increase in 1948 must be considered. In order to carry out such demands, a credit of S 2,500,000 is necessary. Up to the present time, the firm has been granted a credit of S 1,000,000 from the Soviet Military Bank.

Out of 113 machines produced in 1947, the USIA Buying and Selling Office acquired 60, of which only 18 have been resold. The remaining are in storage at the Koenig & Bauer plant in Moedling.

The sales organization was dissolved by USIA.

Under normal business conditions, the selling price of a Koenig & Bauer article would include, in addition to production cost, 5% profit, 10% commission and 2.2% for sales tax, or a total mark-up of approximately 20%. At the present time, in addition to production cost, 5% must be reckoned for profit, 10% administration tax to USIA, 10-15% tax to the USIA Buying and Selling Office, 10% commission for the administration, 2.8% credit and advertising expenses, and 2.2% for sales tax, or a total of 40-50% of the sales price. This represents a mark-up of 66-81% over production costs.

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NO CHANGE in Class.

DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA SEC 77/1783

Date: 20 APR 1978 By: 016

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Example of such price-fixing: On 3 November 1947, a small lathe, previously sold to the Buying and Selling Office of USIA for S 11,680, was delivered, according to office records, to the firm of Kraus & Naimer, Vienna XVIII, Schumannsgasse 35, for S 26,500. Proceeds of this transaction were divided up as follows: Koenig & Bauer 39.7%; USIA for administration taxes 4.4%; Buying and Selling Office of USIA 55.9%.

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